

This is an English translation of the original Japanese-language press release dated February 6, 2020 and is provided for reference purposes only.

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February 6, 2020

Company Name: DESCENTE LTD.
Representative Name: President and Representative Director:
Shuichi Koseki
(Code Number: 8114 First Section of Tokyo Stock Exchange)
Contact: Director, Managing Executive Officer:
Akira Tsuchihashi
(TEL : 06-6774-0365)

Notice of Liquidation and Business Suspension of Specified Subsidiaries

DESCENTE LTD. (the “Company”) hereby announces that the Board of Directors’ meeting held on February 6, 2020 resolved to dissolve and liquidate DESCENTE NORTH AMERICA, INC. (“DNA”), a consolidated subsidiary of the Company, and to suspend the operations of DESCENTE ATHLETIC AMERICAS, INC. (“DAA”), a consolidated subsidiary of the Company, as follows.

(1) DESCENTE NORTH AMERICA, INC.

1. Reasons for Dissolution and Liquidation

As announced by the Company in its “Notice of Business Suspension of Specified Subsidiary Company” dated April 26, 2019, DNA, a consolidated subsidiary of the Company, has operated mainly for the sales of ski wear in North America, but its business performance has been sluggish for many years. The Company has decided to adopt the resolution because we believe it is necessary to break out of the deficit structure of its business and reduce management burdens.

2. Outline of the Subsidiary to be Dissolved and Liquidated

(1) Name	DESCENTE NORTH AMERICA INC.
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(2)	Address	British Columbia, Canada		
(3)	Title and Name of the Representative	Takeshi Sugiura; President and CEO		
(4)	Business Profile	Sales of DESCENTE brand skiwear		
(5)	Capital Stock	CAD 9,348K (Approximately JPY 847 million)		
(6)	Date of Establishment	August 1, 1982		
(7)	Major Shareholders and Shareholding Ratio	Company: 100%		
(8)	Relationship between the Company and the Subsidiary	Capital Relationship	A wholly owned subsidiary of the Company	
		Personal Relationship	3 employees from the Company serve concurrently as directors of the subsidiary.	
		Business Relationship	None	
		Related Party Status	A consolidated subsidiary and a related party of the Company.	
(9) Operating Results and Financial Position over the last three years (USD in thousand)				
Accounting Period	FY ended January, 2017	FY ended January, 2018	FY ended January, 2019	
Net Assets	USD 4,106 (JPY 467 million)	USD 3,027 (JPY 329 million)	USD 1,801 (JPY 196 million)	
Total Assets	USD 10,680 (JPY 1,215 million)	USD 11,703 (JPY 1,272 million)	USD 12,702 (JPY 1,384 million)	
Net Sales	USD 9,101 (JPY 990 million)	USD 10,282 (JPY 1,147 million)	USD 12,141 (JPY 1,339 million)	
Operating Income	USD (1,562) (JPY (170) million)	USD (1,046) (JPY (116) million)	USD (1,040) (JPY (114) million)	
Ordinary Profit	USD (1,774) (JPY (193) million)	USD (1,118) (JPY (124) million)	USD (1,129) (JPY (124) million)	
Net Income	USD (1,774) (JPY (193) million)	USD (1,118) (JPY (124) million)	USD (1,129) (JPY (124) million)	

3. Schedule of Dissolution and Liquidation

As soon as necessary procedures are completed in accordance with local laws and regulations, the cancellation of registration is scheduled to be completed in March 2021.

4. Future Outlook

The impact of the dissolution of the subsidiary company on consolidated and non-consolidated operating results is reflected in the “Notice of extraordinary loss, reversal of deferred tax assets, revision to earnings forecast and dividend forecast (no dividend)” released on February 6, 2020.

(2) DESCENTE ATHLETIC AMERICAS INC.

1. Reason for the Business Suspension

DAA was established primarily for the purpose of planning, developing, and selling products to meet local demand in order to expand athletic wear business and start golf wear businesses in North America. However, as in the case of DNA, we decided that it was necessary to break away from the deficit structure of its business and adopted a resolution.

2. Outline of the Subsidiary to be Suspended

(1)	Name	DESCENTE ATHLETIC AMERICAS INC.	
(2)	Address	Georgia, USA	
(3)	Title and Name of the Representative	Fritz Taylor; President	
(4)	Business Profile	Sales of DESCENTE brand athletic and gold wear	
(5)	Capital Stock	USD 10,000K (Approximately JPY 1,099 million)	
(6)	Date of Establishment	March, 2018	
(7)	Major Shareholders and Shareholding Ratio	the Company: 50%, DESCENTE GLOBAL RETAIL LTD.: 50% (DESCENTE GLOBAL RETAIL LTD. is a wholly-owned subsidiary of the Company.)	
(8)	Relationship between the Company and the Subsidiary	Capital Relationship	A wholly owned subsidiary of the Company
		Personal Relationship	1 employee from the Company serve concurrently as directors of the subsidiary.
		Business Relationship	None

(Note) Operating results and financial position for the last 3 years are not presented because DAA was established in March, 2018 and the fiscal year ended December 31, 2018 was less than 1 year.

3. Schedule for Business Suspension

February 6, 2020: Resolution approved by the Board of Directors' meeting of the Company
The business will be suspended as soon as necessary procedures are completed in accordance with local laws and regulations.

4. Future Outlook

The impact of the business suspension of the subsidiary on consolidated operating results is reflected in the "Notice of Extraordinary Loss, Reversal of Deferred Tax Assets, Revision to Earnings Forecast and Dividend Forecast (No Dividend)" released February 6, 2020.